

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-13 ISO-00 USIE-00
INRE-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00
AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02
SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01 /085 R

DRAFTED BY EB/ISM:AKOBLER
APPROVED BY EB/ORF:SBOSWORTH
EB/ISM:WLENAHAN
BBENTON:TREASURY
EUR/RPE:ECASEY
EB/ICD:EAWENDT
EA:MHENDERSON
RHUMBERT:COMMERCE

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O 132339Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY BONN IMMEDIATE
AMEMBASSY CANBERRA IMMEDIATE
AMEMBASSY LONDON IMMEDIATE
AMEMBASSY OTTAWA IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
USMISSION EC BRUSSELS IMMEDIATE
INFO AMEMBASSY BANGKOK IMMEDIATE
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AMEMBASSY KUALA LUMPUR IMMEDIATE
AMEMBASSY SINGAPORE IMMEDIATE
USMISSION GENEVA IMMEDIATE

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E.O. 11652: N/A

TAGS:ETRD, EPAP
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SUBJECT: UNCTAD PREPARATORY CONSULTATIONS ON RUBBER

1. UNCTAD PREPARATORY CONSULTATIONS ON RUBBER ARE
SCHEDULED FOR JANUARY 17-21 IN GENEVA. THIS MEETING IS
PART OF THE SERIES OF COMMODITY CONSULTATIONS RESULTING
FROM THE UNCTAD RESOLUTION ADOPTED AT NAIROBI IN MAY 1976.

2. THE MAJOR NATURAL RUBBER (NR) PRODUCERS --

MALAYSIA, INDONESIA, THAILAND AND SRI LANKA -- ALONG WITH SINGAPORE, RECENTLY SIGNED A STABILIZATION AGREEMENT CALLING FOR BUFFER STOCKS, EXPORT CONTROLS, AND PRICE STABILIZATION BANDS. THE AGREEMENT, WHICH CULMINATES TWO YEARS OF NEGOTIATIONS WITHIN THE ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC), IS EXPECTED TO BE RATIFIED BY SIGNATORY GOVERNMENTS IN TIME FOR TABLING AT THE UNCTAD PREPARATORY CONSULTATIONS ON RUBBER. AS IT NOW STANDS, THE AGREEMENT CREATES A PRODUCER ASSOCIATION ACCOUNTING FOR 30 PERCENT OF WORLD NR SUPPLY. IT SHOULD BE RATIFIED AND MAY GO INTO EFFECT SOON, WITHOUT OUTSIDE PARTICIPATION OR FUNDING. NEVERTHELESS, MEMBER GOVERNMENTS HAVE SAID BOTH PRIVATELY AND PUBLICLY THAT A SUCCESSFUL EFFORT TO STABILIZE THE NR MARKET REQUIRES CONSUMER COUNTRY COOPERATION. THEY HAVE STATED THEY WANT CONSUMER NATION

PARTICIPATION IN FINANCING BUFFER STOCK REQUIREMENTS AND ARE ANXIOUS TO GAIN ACCESS TO A PROSPECTIVE COMMON FUND. THE NR PRODUCERS HAVE FURTHER INDICATED A WILLINGNESS TO NEGOTIATE TERMS ACCEPTABLE TO BOTH CONSUMERS AND PRODUCERS WITHIN AN EXPANDED AGREEMENT. THE ANRPC AGREEMENT AS IT NOW STANDS PROVIDES FOR POSSIBLE CONSUMER COUNTRY PARTICIPATION.

3. AS THE LARGEST NR CONSUMER AND SYNTHETIC RUBBER MANUFACTURER, THE U.S. HAS AN IMPORTANT INTEREST IN MAINTAINING AN ADEQUATE SUPPLY AND STABLE PRICES OF NR. LIMITED OFFICIAL USE

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IN THE FIRST PREPARATORY RUBBER CONSULTATION, THE USG PLANS TO TAKE THE FOLLOWING POSITIVE BUT NON-COMMITAL POSITION:

-- THE USG APPROACHES THE RUBBER CONSULTATIONS WITH AN OPEN MIND, IN LINE WITH OUR CASE-BY-CASE APPROACH TO COMMODITY ISSUES. WE APPRECIATE THAT NR IS AN IMPORTANT COMMODITY IN WORLD TRADE, GIVEN ITS CONTRIBUTION TO LDC EARNINGS AND ITS ROLE IN PROVIDING EMPLOYMENT IN PRODUCING COUNTRIES.

-- FROM OUR KNOWLEDGE OF THE RECENTLY SIGNED ANRPC STABILIZATION AGREEMENT AND THE ANRPC WORKING PAPER TO BE TABLED AT GENEVA, WE NOTE THE CONSTRUCTIVE APPROACH THAT PRODUCER COUNTRIES ARE TAKING TOWARD THE FORTHCOMING CONSULTATIONS. CONSIDERING THE ANRPC'S PRAGMATIC AND ANALYTICAL APPROACH, WE ARE HOPEFUL THAT PRODUCER AND CONSUMER COUNTRIES TOGETHER CAN ACHIEVE REAL PROGRESS IN FINDING WAYS TO ACHIEVE STABLE GROWTH OF THE NR MARKET.

AT THE SAME TIME WE HAVE REASON TO BE HOPEFUL THAT THESE CONSULTATIONS WILL NOT BECOME AN ARENA FOR EXPRESSION OF POLITICAL VIEWS, AS HAVE SOME PREVIOUS COMMODITY MEETINGS, AND THAT THE DISCUSSIONS WILL BE CONFINED TO AN OBJECTIVE CONSIDERATION OF THE RUBBER MARKET AND THE TERMS AND ECONOMIC IMPLICATIONS OF THE PRODUCERS' AGREEMENT OR ANY OTHER PROPOSALS.

-- WE SEEK TO LEARN MORE ABOUT THE ANRPC STABILIZATION SCHEME, INCLUDING WHAT KIND OF EVENTUAL CONSUMER COUNTRY PARTICIPATION IS ENVISAGED. SINCE THE USG WILL NEED TIME TO EXAMINE CLOSELY ANY PROPOSALS PRESENTED AT THE MEETING, WE FORESEE FURTHER CONSULTATIONS AFTER A SUITABLE PERIOD, PERHAPS IN APRIL 1977, TO CONTINUE REVIEW OF THE TECHNICAL AND ECONOMIC ASPECTS OF THE SCHEME AS WELL AS TO CONSIDER ANY OTHER PROPOSALS. SHOULD THE PRODUCER COUNTRIES INVITE CONSUMER NATIONS TO ENTER NEGOTIATIONS ON LIMITED OFFICIAL USE

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A RUBBER STABILIZATION AGREEMENT, THE U.S. DELEGATE WILL ASSURE PRODUCER COUNTRIES THAT THE USG WILL GIVE SERIOUS CONSIDERATION TO SUCH AN INVITATION IN THE LIGHT OF THE RESULTS OF THE CONSULTATIONS.

-- WE ARE NOT PREPARED TO COMMIT OURSELVES TO A NEGOTIATION AT THIS TIME SINCE WE BELIEVE IT IS ESSENTIAL FIRST TO EXAMINE THE FEASIBILITY AND PRACTICALITY OF STABILIZATION MEASURES.

4. WE BELIEVE IT IMPORTANT THAT MAJOR NR CONSUMER COUNTRIES PURSUE A COMMON NON-COMMITTAL APPROACH AT THIS MEETING, ESPECIALLY IN VIEW OF PROBABLE PRODUCER PRESSURE TO COMMENCE NEGOTIATIONS FROM THE BEGINNING OF THE CONSULTATION PROCESS. SINCE THE PRODUCERS HAVE ALREADY AGREED TO A STABILIZATION PLAN, THESE CONSULTATIONS WILL, IN THEIR VIEW, BEGIN FROM A MORE ADVANCED STAGE THAN OTHER COMMODITY TALKS, AND THUS CONSUMER COUNTRY COHESION IS NEEDED FROM THE START TO ACHIEVE AN OUTCOME THAT IS IN OUR MUTUAL INTERESTS.

5. ACTION REQUESTED: POSTS SHOULD ADVISE HOST GOVERNMENTS OF PLANNED USG APPROACH TO JANUARY RUBBER CONSULTATIONS, AS OUTLINED PARA. 3. POSTS SHOULD STRESS IMPORTANCE OF CONSUMER COUNTRY COHESION. IN ADDITION TO REQUESTING HOST GOVERNMENT VIEWS, POSTS SHOULD INDICATE THAT U.S. DELEGATION LOOKS FORWARD TO CLOSE CONSULTATION AMONG MAJOR CONSUMER COUNTRIES AT GENEVA. PLEASE REPORT REACTIONS.
KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, PLANNING MEETINGS, STOCKPILES, COMMODITY AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: AKOBLER
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Executive Order: N/A
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Format: TEL
From: STATE
Handling Restrictions: n/a
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Line Count: 169
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Litigation History:
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
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Review Release Date: n/a
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TAGS: ETRD, EPAP, UNCTAD
To: BONN CANBERRA MULTIPLE
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3c0305da-c288-dd11-92da-001cc4696bcc
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